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T O B A C C O   C R O P   I N S U R A N C E

eserve.

in

Appling and Cook Counties, Georgia

Vance County, North Carolina

Greene County, Tennessee

Graves County, Kentucky

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(Yield-quality and Investment Insurance) ~~X~~

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Tobacco producers in designated counties have a choice of two types of Federal crop insurance protection on their 1948 tobacco crops -- investment and yield-quality insurance. Coverage is higher under yield insurance, while investment insurance costs less. Both are annual contracts.

Federal crop insurance on tobacco provides protection against loss in yield and quality due to unavoidable causes such as:

Drought	Hail	Rain	Plant Diseases
Frost	Wind	Flood	Insect Infestation

It does not insure against loss from avoidable causes such as neglect and poor farming practices.

A Federal crop insurance premium buys protection of most of the "out-of-pocket" costs of producing a crop of tobacco against the major production risks from transplanting through harvest. It adds only a little to operating costs to insure against the production hazards which man cannot control. Crop insurance premiums are deductible as operating costs for income tax purposes.

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U. S. DEPARTMENT OF AGRICULTURE

AR 19 1948 Federal Crop Insurance Corporation

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## TOBACCO CROP INSURANCE

The Federal Crop Insurance Corporation is offering protection against the unavoidable hazards in the production of tobacco in 33 counties in 1948.

Premiums paid by farmers are used only to pay losses to insured producers. Administrative costs are carried by the Federal Government as a service to farmers. Premiums collected in excess of losses paid can be used only to accumulate a reserve for use in years when losses exceed premiums. The accumulation of an adequate reserve will make possible reductions in premium rates.

Since losses paid under the program are the major factor in determining proper changes in premium rates, it is in the policyholder's interest for only sound risks to be insured under the program. It is the policy of the Corporation to eliminate undue risks from the program and to guard against "lax" adjustments.

Crop insurance is a farmers' program with each insured paying a small amount for protection in order that none among them may suffer a disastrous loss.

Only tobacco produced on acreage for which the Corporation establishes a coverage and premium rate can be insured.

Tobacco crop insurance completed a 3-year trial period in 1947 during which this protection was offered growers in 19 counties. Premiums exceeded losses in each of the three years and the legislation was changed to permit tobacco insurance to be offered in a maximum of 35 counties.

Full information on the program and the coverage and premium for each insurance unit is available through the county office or an authorized agent.

IT'S GOOD BUSINESS TO PROTECT YOUR INVESTMENT

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## COVERAGE

Yield-quality insurance assures a return from the crop equal to the value of a definite number of pounds of tobacco of average quality. Coverage is expressed in pounds per acre at the time the insurance is sold, but will be converted to dollars near the end of the marketing season. The price used for the conversion to dollars will be based on the 1948 average market price.

Investment insurance assures a dollar return from the crop, and the coverage is expressed in dollars per acre.

Under both plans the protection is 100% of the coverage as soon as harvest starts on the insurance unit. Before harvest starts, the protection is 65% of the full coverage.

## DETERMINING LOSSES

If the returns from the insured tobacco crop are less than the dollar amount of the coverage for the insurance unit, the insured is entitled to an indemnity in the amount that the returns fall short of the insured coverage provided the loss resulted from the unavoidable causes insured against.

## PREMIUMS

Premium rates under both plans are stated in dollars per acre at the time the insurance is sold.

While the premium comes due about the time marketing starts, it may be paid as soon as the insured acreage is known since it is a definite dollar amount per acre.

INSURE FOR PROTECTION IN 1948 AND EVERY YEAR



## OTHER CONTRACT PROVISIONS

The insurance covers your interest in all insurable tobacco acreage in the county in which you have an interest in the crop at the time of planting. (In counties where insurance is offered on more than one type of tobacco only the type(s) specified on the application will be insured.)

If your tobacco crop is destroyed while there is still time to replant, you are expected to replant. If this acreage is not replanted it will not be insured.

Insured acreage destroyed or substantially destroyed may be released by the Corporation for other use, BUT no acreage may be put to another use until a release in writing is obtained from an authorized Corporation representative.

The insurance period begins with transplanting and ends upon removal from the field.

An assignment against the insurance contract may be made as collateral for a loan.

Partial protection may be obtained at half the cost of full protection and any losses under partial insurance are reduced by half.

## WHAT YOU DO

File an application before the closing date or the start of transplanting.

Follow recognized good farming practices in preparing the land, transplanting, caring for, harvesting and curing the crop.

Make a report when requested of planted tobacco acreage and interest in the crop at the time of planting.

Report immediately to the county office any material damage to the crop if you feel a loss under the insurance contract may result. Any loss under the contract must be reported immediately after the completion of marketing of the crop.

Don't delay. Sign your application early.